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INFO RUEHZL/EUROPEAN POLITICAL COLLECTIVE

C O N F I D E N T I A L SECTION 01 OF 02 PRAGUE 001529

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E.O. 12958: DECL: 12/18/2016  
TAGS: [PGOV](#) [PREL](#) [EZ](#)  
SUBJECT: CZECH POLITICS: DEJA VU AS TOPOLANEK READIES  
ANOTHER CABINET FOR POSSIBLE APPROVAL

Classified By: Pol-Econ Counselor Mike Dodman for reasons 1.4 b+d

¶1. (SBU) SUMMARY. The meandering and unpredictable negotiations on the formation of a new Czech government took another strange turn December 14 when nearly completed talks on a partnership between the Civic Democrats (ODS) and Social Democrats (CSSD) collapsed. Prime Minister-designate Mirek Topolaneck (ODS) has instead retrieved from the files a plan for a three-party coalition with the Christian Democrats (KDU-CSL) and the Greens that had failed months ago. Topolaneck now says he will present the names of a new cabinet to President Klaus by Thursday, December 21, and that a vote of confidence could be held mid-January. The three parties still have a number of significant, even fundamental policy disagreements to resolve, not to mention the need to win over someone from the opposition to pass a vote of confidence and, more important, make sure the coalition will be able to enact legislation. If Topolaneck fails, it would likely be the end of his tenure as party chief and lead to many more months of negotiations. END SUMMARY.

¶2. (SBU) Six and a half months after the inconclusive elections that resulted in a 100-100 right-left split, Mirek Topolaneck, the Chairman of the right-of-center ODS, has returned to a plan he abandoned more than four months ago. After coming close to final agreement with CSSD on what would essentially have been a grand coalition, Topolaneck announced December 13 that he was calling off the deal and would instead form a government with two smaller parties, the Christian Democrats (KDU-CSL) and the Greens. Topolaneck has promised to present a new cabinet to President Klaus on December 21; half of the cabinet posts will apparently go to his potential junior partners. In a TV talk show appearance with the other party chiefs on December 17, Topolaneck promised a vote of confidence in mid-January. He and newly-elected KDU-CSL Chair Jiri Cunek promised a government program committed to much-needed economic reforms. But where Cunek seems enthusiastic about the coalition's prospects, the Greens' leader, Martin Bursik (who, unlike Cunek, has been engaged in this process for over six months), is less certain. So far the Greens have only agreed to talk about a possible coalition. Bursik, who refused to be a part of the planned rainbow coalition because none of this party's environmental concerns were addressed, has said he is concerned about several points ODS and KDU-CSL are proposing. Bursik also has reservations about the new KDU-CSL Chairman himself, who rose to prominence after evicting several rent-defaulting Roma families from the town he governed. Bursik termed this an "an unacceptable violation of human rights."

¶3. (U) Beyond the program differences, there is the more fundamental question of votes. The proposed ODS-KDU-Green coalition would have 100 of the 200 seats in the Chamber of Deputies, not enough to win a vote of confidence that requires a simple majority of those present, which is why Topolaneck abandoned an attempt to form the same coalition

after months of effort this summer. If, however, one or more Social Democrats were to support the coalition, or at least absent themselves on the day of the confidence vote, the new government could be approved. The difference from last summer is that two CSSD parliamentarians, Michal Pohanka and Milos Melcak, have recently quit the CSSD parliamentary club. Early in December, during the final weeks of the legislative year, Pohanka and Melcak were absent during several key votes, making it hard to predict what they might do in the vote of confidence. A third CSSD parliamentarian, Anna Curdova, has also made statements that indicate she might support the ODS-led coalition.

14. (SBU) However, while these turncoats offer new possibilities, there are political difficulties with this scenario. Earlier this year, when it looked as though CSSD Chairman Jiri Paroubek might have been able to form a government that relied on a few rebels from the right side of the political spectrum, President Klaus vowed that he would not appoint a government that relied on defectors. Pavel Bem, the Principal Deputy Chairman of ODS, also recently said that a government that relies on a few turncoats "makes no sense."

KDU-CSL Chairman Jiri Cunek, who was just elevated to the position December 9, vowed during his acceptance speech to not support a government that depended on the votes of a few traitors, calling it "immoral." However, with the political calculations here changing daily, all of these sentiments may be quickly forgotten if ODS can swing a deal with one of the CSSD defectors.

15. (C) Speculation has begun about possible names on the government list Topolanek promises to present Thursday -- a process made simpler by the fact that ODS and the two smaller parties had agreed on a cabinet distribution in the summer

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(albeit with KDU-CSL under different leadership). ODS is to get seven of the 14 ministries, the Christian Democrats five, and the Greens two. Candidates for Foreign Minister include the incumbent, Alexander Vondra (ODS), and his predecessor, Cyril Svoboda (KDU-CSL). Both are supporters of strong transatlantic ties. Among the names mentioned as Defense Minister is Vlasta Parkanova (KDU-CSL). She has been mildly supportive of the idea of a missile defense base in the Czech Republic. While she has experience as Justice Minister and on parliament's defense committee, it is generally agreed that she would be a relatively weak defense minister. Former KDU-CSL Chairman Miroslav Kalousek is mentioned as a possible Finance Minister. Green Chairman Martin Bursik has been named as a potential Environment Minister, a move that could have consequences for any plans to increase the use of nuclear power. There is broad speculation that current Finance Minister Tlustý (ODS) will not be in the next cabinet, following his decision to abstain in last week's vote on the budget. Current ODS ministers Necas (Labor) Langer (Interior) and Julinek (Health) are likely to stay. All current non-party ministers are expected to depart, including Defense Minister Sedivy.

16. (C) COMMENT. Topolanek's latest proposal offers positives and negatives for the USG. On the plus side, it would be a government committed to economic reform and strong transatlantic ties. But it would be very weak. If Topolanek succeeds in winning Green support for a common program, and in getting the President to appoint a government without a firm majority, and in winning the vote of confidence (all difficult but achievable), it is still hard to see the government being effective. The most likely CSSD defector to support this coalition, Milos Melcak, is from the far left of his party and openly admits he wants the center-right coalition to take office so CSSD can go into opposition and not compromise on its socialist values; he will not be a reliable vote for any serious economic reform measures. Cunek and others have admitted that such a government may have a short shelf life, proposing that each vote on core legislation (e.g., economic reforms) be a vote of confidence,

the hopes that a "noble" fall of the government will pave the way to early elections.

¶7. (C) More broadly, the seemingly endless and unpredictable post-election talks call into question the integrity of the negotiating process and the maturity of Czech political culture, subjects we will explore in more detail septel. If, as is likely, Topolanek loses his second vote of confidence, we can look forward to many more months of negotiation and caretaker government since the third attempt, which relies on the Speaker of Parliament, not the President, will probably be preceded by a debate over a new Speaker. This is not necessarily reason for concern, as the current caretaker government has done surprisingly well, although certainly it has been supported by a strong economy and stable external situation -- conditions that may not continue, particularly as the long-term costs of not addressing economic reform grow. But, as embarrassed as Czechs are by the on-going saga, they also remind us that events of the last half-year at least prove that Czech democracy is firmly grounded, if perhaps not yet fully developed.

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